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Australian Pipeline Trust

Australian Pipeline Ltd
ACN 091 344 704

ARSN 091 678 778

21 February 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This announcement refers to the results of Australian Pipeline Trust ("APA") as detailed in the Half – Yearly Report provided to the ASX for the period 1 July 2005 to 31 December 2005 ("the current period"). All previous year figures quoted have been restated in accordance with the Australian equivalents to International Financial Reporting Standards ("A-IFRS").

The directors of Australian Pipeline Limited, as responsible entity for Australian Pipeline Trust ("APA"), today reported a net profit after tax and minorities ("NPATM") of $33,532,000 in respect of the current period, an increase of 29.0% over the previous corresponding period's ("pcp") NPATM of $25,995,000.

The improved performance was a mainly a result of:

- Full six month contributions from the two acquisitions in the previous financial year, ie. the acquisition of the remaining 45% of SCP Investments (No. 1) Pty Limited ("SCP") (SCP holds 88.2% of the Goldfields Gas Transmission Pipeline ("GGT")) and 100% of the Parmelia Gas Business on 17 August 2004, and the acquisition of the remaining 30% interest in the Carpentaria Gas Pipeline ("CGP") joint venture on 25 February 2005;
- Increased pipeline transportation revenue from the WA Gas Business;
- Settlement of an 'acquired' dispute regarding tariffs, resulting in a provision of $3,262,000 being released to profit; and
- Effective control of costs across the business, and efficiency savings achieved through the integration of the WA Gas Business.

SUMMARY OF RESULTS

Six Months Ended	31 Dec 2005 $'000	31 Dec 2004 $'000	Changes on pcp $'000	%
Pipeline Transportation Revenue	**142,481**	124,483	17,998	14.5
Other Pipeline Revenue	**42,625**	40,994	1,631	4.0
Other Revenue	**8,603**	11,342	(2,739)	(24.1)
Total Revenue	**193,709**	176,819	16,890	9.6
Share of Net Profits of Associates	**-**	2,148	(2,148)	(100.0)
EBITDA	**103,341**	88,554	14,787	16.7
EBIT	**84,544**	70,887	13,657	19.3
Pre tax Profit	**49,766**	38,320	11,446	29.9
Income Tax Expense	**(16,068)**	(12,168)	(3,900)	(32.1)
Profit after income tax and minorities	**33,532**	25,995	7,537	29.0

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Financial Ratios

	31 Dec 2005	31 Dec 2004	Changes on pcp	%
Earnings Per Unit (cents)	**12.02c**	9.58c	2.44c	25.5
Net Tangible Asset Backing per unit	**$2.11**	$2.05	$0.06	2.6
Operating Cash Flow per unit – excluding interest and tax (cents)	**34.7c**	33.6c	1.1c	3.3
Interest Cover Ratio (x)	**2.6**	2.2	-	-
Gearing Ratio (%)	**64.68**	62.47	-	-

Distribution to Unitholders

The Directors have declared a second interim profit distribution of 6.0 cents per unit (cpu) franked to 30%, to be paid on 30 March 2006. This takes the total distribution in respect of the current period to 12.0 cpu (pcp: 11.0 cpu).

Record date for determining unitholders' entitlement to the distribution will be the close of business on 3 March 2006.

Ex dividend date is 27 February 2006.

OPERATIONAL HIGHLIGHTS

The results for the current period reflect APA's success in implementing its core strategies of increasing utilisation of existing assets, and investing in related and complementary assets. A summary of the major achievements for the current period is set out below:

- Began construction of a $15 million compressor expansion of GGT in Western Australia. The additional capacity will be used to transport gas to the Hamersley Iron Paraburdoo mine;
- Increased revenue from short-term contracts with third parties on Moomba to Sydney Pipeline ("MSP") in New South Wales, partially offsetting contracted Gas Transportation Deed ("GTD") reductions;
- Entered into a 16 year contract with Hamersley Iron's Paraburdoo mine on GGT, and a seven year agreement with Arc Energy to supply gas on Parmelia Gas Pipeline;
- Invested in coal seam gas processing facility at Kogan North on the Roma to Brisbane Pipeline ("RBP") in Queensland. To date, $11.5 million has been invested in building this facility; and
- Reduced operating costs across the business and successful integration of the WA Gas Business.

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FINANCIAL COMMENTARY

The following commentary expands on the underlying drivers to the financial performance of the business for the period:

Revenue

Revenue during the period grew by 9.6% from $176,819,000 in the pcp to $193,709,000.

Pipeline transportation revenue (excluding passthrough revenue) increased by 14.5% from $124,483,000 in the pcp to $142,481,000 in the current period. The major components of this increase were:

■ Additional revenue from the SCP Gas Business	$15,012,000
■ CGP revenue increase	$5,310,000
■ RBP revenue increase	$901,000
■ MSP contracted GTD reduction, net of third party revenues	($2,475,000)

As noted earlier, APA acquired the remaining 45% interest in SCP Investments (No. 1) Pty Limited ("SCP") and the Parmelia Gas Business (together "SCP Gas Business") on 17 August 2004. The increase in revenue is a result of a combination of factors, including: full six month contributions from the SCP Gas Business (pcp: SCP's results were equity accounted up to 17 August 2004 and consolidated thereafter); "one-off' settlement of a tariff related dispute resulting in profit impact of $3,262,000; and increases in third party revenues, particularly from the mining sector.

CGP revenue, which was otherwise flat, increased primarily as a result of the 30% minority interest acquisition in February 2005 resulting in a full six month contribution in the current period.

RBP revenue increased principally because of new capacity contracts executed with CS Energy.

Other revenue includes external interest received and distributions from the strategic investment in GasNet Australia Group. In the pcp, other revenue included a $2,000,000 "one-off" recovery of due diligence costs associated with a capital project.

Expenses

Pipeline operating and management expenses decreased by 7.6% from $35,434,000 in the pcp to $32,753,000 in the current period. The reduction in expenses resulted from efficiency savings achieved from integration of the WA Gas Business into APA, reduction in operating costs and lower regulatory costs in Western Australia following finalisation of the Access Arrangement on the GGT.

Borrowings and Finance Cost

As at 31 December 2005, APA had non-current borrowings of $1,106 million principally from bi-lateral facilities and US Private Placement notes, compared to $1,018 million as at 31 December 2004. Despite this increase, net borrowing costs increased only $2,203,000 to $34,692,000, primarily as a result of renegotiating syndicated borrowings on more favourable terms.

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Cash Flow

The net cash from operating activities before interest and tax increased by 6.2% from $91,061,000 in the pcp to $96,747,000, due to improved operating results as highlighted above. The improvement in cashflow occurred despite timing issues associated with settlement of a tariff dispute from the previous period.

The net cash used in investing activities represents payments for property, plant and equipment including the construction of a gas processing facility at Kogan North ($8,100,000) in Queensland and compressors on GGT ($3,341,000). $22,960,000 was used to fund strategic investments. As provided for in the 2005 accounts, a further $35,902,000 was incurred in settlement of an outstanding tariff dispute recognised as part of the WA Gas Business acquisition.

Distributions, Earnings per Unit and Distribution Reinvestment Plan ("DRP")

Profits of $33,468,000 (pcp: $33,107,000) were distributed to unitholders in the current period. The directors have declared a second interim distribution of 6.0 cents per unit, franked to 30% at the corporate income tax rate, an increase of 0.5 cpu over the second interim distribution in pcp.

This takes the total distributions for the current period to 12.0 cpu an increase of 1.0 cpu over pcp, reflecting the improved performance and strong cash flows. The directors have indicated that the current level of distribution will be maintained for the remainder of the financial year, barring unforeseen circumstances.

APA's distribution strategy is directed towards increasing distribution levels at no less than CPI, year on year.

No further franking credits are expected to be available for the remainder of the financial year as a consequence of the additional tax deductions arising from APA's entry into the tax consolidation regime in 2005.

The strategy for returning cash to unitholders in the most tax-effective manner is a matter that is regularly reviewed by the Board.

Earnings per Unit, calculated on a weighted average basis, for the current period was 12.02 cpu compared to pcp figure of 9.58 cpu, an increase of 25.5%, reflecting improved performance and higher net profit after tax. The weighted average number of units on issue during the current period was 278,895,000.

The DRP remains suspended and will only be reactivated should an additional requirement for capital arise.

REGULATORY MATTERS

Interaction with governments and regulators of gas transmission pipelines continued to play a significant role in APA's business. The key regulatory matters addressed during the period included:

- The ACCC appeal against the decision of the Australian Competition Tribunal on the MSP Access Arrangement was heard in mid-August 2005. The decision is expected before the end of the financial year.

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- The Access Arrangement for RBP was lodged on 31 January 2006. As the RBP is currently almost fully contracted, the Access Arrangement will not affect revenues until 2012 when the first contract renewal occurs.

- APA continued to participate in the consultation regarding reform of the regulatory environment for gas pipelines. The Productivity Commission report into the National Gas Access Regime has been subsumed into the wider reform of energy regulation.

  A number of features of the Commission's report are likely to be introduced, including a mechanism for a lighter-handed "monitoring" regime for pipelines which do not have market power. Significant work was also undertaken in ensuring the preservation of the rights of review, which exist under the current Code.

- The energy market reform process has also included consideration of wholesale gas market reform. APA is represented on the working group involved and is continuing to argue for preservation of the status quo or only minor reform in the absence of demonstrated market failure.

- As reported in the annual report for 2005, the access arrangement for the GGT was approved by the Regulator and took effect from August 2005.

OTHER ISSUES

Papua New Guinea Gas Pipeline Project

Significant gas sales commitment during the period continue to strengthen the prospects of the Papua New Guinea (PNG) Gas Pipeline Project becoming a reality.

The AGL – Petronas Consortium is carrying out the front-end engineering and design needed to completely define the project and to obtain all necessary approvals for project commitment. Formal project commitment is expected before calendar year end.

APA has a right to purchase from AGL at least a 20% interest in the pipeline project, which will be an important part of the long – term gas supply solution for eastern Australia

Update on Stress Corrosion Cracking on the MSP

As discussed in the 2005 financial report, APA is continuing to investigate and repair stress corrosion cracking (SCC) on the MSP.

A significant repair program was carried out during the current period, and further repair work will be carried out in the second half of the financial year. This work is all within the first 162 kilometres of the MSP downstream from Moomba, where the conditions for SCC are most likely to be exist.

As foreshadowed, two further sections downstream have recently been pigged. The costs for the pigging are included within the amounts previously provided.

Although the severity of SCC declines towards the end of the first pigged section, APA anticipated that there would be further incidences of SCC past that point. Preliminary results from pigging of the 138 kilometres immediately downstream of the first section, confirm the presence of SCC. Although not possible to quantify at this stage, first indications are that the extent of SCC appears to be less severe than in the first section.

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We await a detailed analysis on the pigging, which will determine what remedial action and costs are required. The analysis is expected towards the end of the financial year. In the meantime, all relevant regulators and Departments are being kept informed. The Department of Energy, Utilities and Sustainability has advised that the APA's management of SCC conforms with international practice. APA continues to ensure that the MSP operates safely and reliably.

OUTLOOK

The Directors are pleased with the performance of the APA business for the current period. In the Directors' opinion, the fundamentals of the business are sound and management has the appropriate strategies in place to ensure continued growth. Barring unforeseen circumstances, it is expected that for the current year, the business is on track to increase NPATM by between 10% to 13% on prior year NPATM before significant items.

Cash flows derived from operations continue to be strong and accordingly, on that basis, APA expects to be able to maintain the current level of cash distributions for the remainder of the current financial year.

George H. Bennett
Chairman

About Australian Pipeline Trust (APA)
The Australian Pipeline Trust is the major ASX listed natural gas Pipeline Company in Australia with interests in over 7,500km of pipeline infrastructure. The Trust has a varied and quality customer base including AGL, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, Energex, Nickel West and WMC.

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